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EXECUTIVE DEVELOPMENT AND THE
UNITED STATES NAVY SUPPLY CORPS

by
Carl David Divelbiss

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EXECUTIVE DEVELOPMENT
and
THE UNITED STATES NAVY SUPPLY CORPS

BY

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INTRODUCTION

The trends in military reorganization, automation, resource management, finance and system integration carry ominous overtones for the U.S. Navy Supply Corps. The function of the Supply Corps officer, at one time, was one of understanding bookkeeping procedures set forth in notices, regulation and instructions, and providing military leadership to Supply personnel in fulfilling the requirements of established procedures. At present "the increased sophistication of logistics systems already appears to be weighting managerial skills more heavily than military leadership, as conventionally understood, in key positions of logistics executives."¹ "Though sometimes called the "business managers" of the Navy, there is virtually no functional area that can be considered the exclusive province of the Corps."² Therefore, the Supply Corps has been thrust into a position of competing to furnish executive talent rather than expertise in numerous areas of logistical support once considered province of the Corps. This situation has necessitated a sweeping evaluation of the Supply Corps role in the Navy's future logistic system. The results of this evaluation, found in Chapter III, dictate new direction for the Supply Corps executive

¹Report of the Management and Economics Research, Inc., on the Impact of Future Technology on Navy Business Management to NAVSUP, (Washington D.C.: Government Printing Office, 1967), p.7.

²Ibid., p. 8.

development to meet future U.S. Navy requirements. Executive talent seems on equal plane with specialized expertise as required of the future Supply Officer. Fortunately, the Supply Corps has a solid foundation in fundamental logistics upon which to fashion the executive talent required to operate our modern logistic systems.

The founding of the Supply Corps can be traced to 1795 when the United States had only six wooden sailing vessels. The Supercargo or Purser, as the Supply contemporary was called in the late 1700's, had the responsibility of providing beans, bullets and black powder. As the Navy expanded, the duties of the Purser increased and the need for a specialized corps to fulfill the logistic function was recognized. In 1860 the position of Pay Master was added to the billets on our sailing vessels and in 1870 the Navy Pay Corps was established. The Navy Pay Corps title lasted for a half century at which time the name changed to the Navy Supply Corps. Through these 175 years, the Supply Corps has met the logistical requirements of the Navy and through a never ending process of self evaluation will do the same for another 175 years.

The purpose of this paper is to examine the executive development program of the Navy Supply Corps in relation to service needs (objectives) and standards required by modern management concepts. To examine the effectiveness of the Supply Corps program, we will first define the Executive function in total. This must be accomplished to provide a basis for our evaluation. Another pre-requisite to determining the success of

any military personnel program is an examination of civilian efforts in the same area. For it is from the civilian community that the military must attract its officer personnel and it is with the civilian community that the military must compete to retain officers as career Navy. Also, it is the influence of civilian business that determines the educational requirement for business school curricula, the same curricula is offered the Supply Corps officer in his post graduate training. And finally we shall examine the problem of retention. The quality of the executive development program would have little importance to the Supply Corps if the Corps is unable to retain the product.

CHAPTER I

THE EXECUTIVE

The structure of our social order is comprised of a broad spectrum of institutions that represent a society embracing a high degree of human freedom, rights and dignity. The participative structure of our society which affects our national policy and economic activity is enjoyed by few nations. Also, ours is a society in which individual endeavor and efficiency have achieved productivity and affluence unsurpassed by any other nation. The individuals possessing the talent and recognizing the opportunity of our society hold in their hands a great amount of power. Those fortunate individuals, who possess the power of manipulation over man or material, are the Executives.

RELATION TO SOCIETY

The relation of society to its' Executives has been one of love and hate. It is quick to demand competent and powerful executives and just as quick to condemn them as dictators. This dichotomy is even more pronounced in relation to the military executive. The past decade has seen overt actions representing this ambivalent nature. Public riot and student disorder are founded in disapproval of overt power and authority of clergy, parents, teachers and administrators. Ironically, the demands of the rioters and students have their foundations in the desire for

the position of the executive and the benefits afforded this position.

Our society has been influenced by the executive. Many major contributions to our modern society have been events managed by civilian and military executives. Few noteworthy events since the dark ages have not been the result of organized management of the executive. Mass production, nuclear fission, aerospace technology, labor organization and transport advances are but a few of the events whose realization were dependent of our executive concept. The executive has and will have a profound influence upon the direction our society will move. To understand the position and efforts of any segment of our society, including the Navy Supply Corps, we must understand the executive function.

EXECUTIVE FUNCTION

Discussions of the executive function frequently suffer through lack of suitable definition. "The term "executive" itself is loose and indefinite, for, while no one is in doubt as to the function of a physician, a boiler engineer, or a barber, an executive to most people is not much more than a name, and I doubt that there is any field of activity referred to so often and understood so little."¹ To avoid confusion, we will define the executive as a person who contributes to the organizational purpose by administration. He exercises decision-making

¹Crawford H. Greenewalt, The Uncommon Man (New York: McGraw-Hill Book Company, Inc., 1959), p. 59.

authority in planning, budgeting, execution and analysis of the programs enacted to fulfill the organizational objectives.

Through his direction the resources of the organization and its environment are combined, the results of which are more valuable than the sum total of the resources used. It is the executive who is responsible for resource management, budgeting and planning. It is the executive who must face the fact of success or failure of the organization.

EXECUTIVE CHARACTER

As the executive rises to the position, he has developed or enhanced those characteristics which separate him from other members of the organization. We must examine these characteristics in order to understand the executive personality. The first and foremost characteristic of the executive which shall be examined is that of commitment. Commitment to the objectives or goals of the organization by the executive must be a totality. "The managerial task is to help the organization achieve and maintain high commitment, and heavy reliance is therefore placed on the intrinsic power of identification."¹ It follows that for the executive to succeed in this effort, his own commitment and identification with the organization must be maximum. To him the organization must be immortal. The executive adequately performs the coordination of individual goals to those of the organization in order to achieve internal organizational

¹Douglas McGregor, The Professional Manager (New York: McGraw-Hill Book Company, 1967), p. 127.

commitment of the employees only when his own goals are entirely in consonance with those of the organization.

The second characteristic to be examined is that of concern for the people resource of the organization as well as the material resources. Modern management science has evolved a true concern for the individual worth of the subordinates within organization. The executive attitude and behavior must reflect an awareness of individual worth.

He may well be aware that he is endowed with substantial capacity, but he does not perceive himself as a member of a limited elite. He sees most human beings as having real capacity for growth and development, for the acceptance of responsibility, for creative accomplishment. He regards his subordinates as genuine assets in helping him fulfill his own responsibilities, and he is concerned with creating the conditions which enable him to realize these assets. He does not feel that people in general are stupid, lazy, irresponsible, dishonest, or antagonistic. He is aware that there are such individuals, but he expects to encounter them only rarely.¹

Undeniably, this quotation is representative of the extreme Behavioral Scientist view of the human relations functions between the executive and the subordinate. Nevertheless, the present managerial climate dictates a substantial awareness of modern principles of Behavioral Science on the part of today's military and civilian executives.

Another characteristic of the executive is his disregard for a fixed work week. He cannot be oriented to task or to labor hours but must consider the fulfillment of organizational goals regardless of hours worked. His attention must be directed to the continuation of effort and not to the clock. His time is

¹Douglas McGregor, The Human Side of Enterprise (New York: McGraw-Hill Book Company Inc., 1960), p. 140.

allocated not by contract but by the demands of the organizational situation. A 40 hour week is a myth to the executive.

The executive must demonstrate an ability of "decision-making" not possessed by his subordinates. His judgement and vision must be representative of his responsibility, which is, to make a harmonious whole out of various resources of talent, material and methods available to him. He must possess a capacity for rational and logical thought not effected by emotional or selfish attitudes. His decision-making characteristic must be an example of objectivity that differs from that of most other professionals. He is not only concerned by what "is" but is concerned also with what "should be".

In addition to the character traits we have examined, we must recognise that many other traits are necessary in the executive character. Among these are integrity, energy-drive, dependability, emotional calm, fairness, ambition and cooperation. All of the character traits we have alluded to are as important to the Supply Corps executive as they are to the civilian executive.

SACRIFICE

For the person who possesses the desired traits of the executive and aspires to an executive position, there are definite sacrifices that must be realized as inherent in the position. The executive must pay for his organizational commitment. The most obvious disadvantage is the sacrifice of time. The executive has foregone what is considered a normal family life

to give the majority of his attention to the organization. He cannot enjoy the personal pursuits that are common place with those in less involved work. His home is managed by his wife because his commitment to the organization will not allow him time to accept a full, responsible role in family activity. The person who can function effectively in an executive position and at the same time give full attention to home and family is extremely rare. This conflict of allegiance is a prime source of personal tension in many executives.

Tension, although often good for the organization, will eventually cost in executive health. Ulcers, heart attacks, nervous disorder and insomnia have become accepted consequences of executive life. They are symptoms of constant burdens and emotional stress. Statistically, the executive suffers three times as many heart attacks as his bookkeeper, five times as many as his production workers.¹ Significantly, the statistics show that the greatest incidence of physical collapse occurs not among the people who actually reach the top but among those who almost do. This indicates that those at the top have adjusted their attitudes and ordered their lives to their career commitments while those who don't quite make it are still under great pressure without the satisfaction of prime goal realization.

Anxiety is another detriment of the executive world. His role in politics, government and education as well as business, holds both unprecedented responsibility and a high degree of

¹David W. Ewing, The Managerial Mind (London: Collier-MacMillan Limited, 1964), p. 203.



uncertainty. Difficulty often is the fault of some action or lack of action beyond his control but the responsibility does not always shift to the person at fault. Prime contributor to his anxiety is the delegation of authority required of the executive to fulfill the many requirements of the organization. Even though authority has been transferred, the executive cannot divest himself of responsibility. Delegating authority will cause a constant worry as to the consequences of such delegation and the competence of those receiving the authority.¹

MOTIVATION OF THE EXECUTIVE

What motivation causes a person to seek executive position knowing that it is demanding, requires extreme personal sacrifice, is often unpopular and often endangers health. Most are motivated to attain executive position by social rewards, by psychological and material compensation, and by self-fulfillment desire.

Social Rewards: Recognizing that society stands ready to condemn the Executive as a dictator, social status has been accorded the executive. Society cannot deny the talents required and efforts put forth by the executive to attain position and power. Recognition is in the form of status rating, such as the Who's Who publication, physical manifestation such as executive suites in hotels, executive flights by several airlines and executive lounges in most private facilities. Also society

¹Karen Horney, The Neurotic Personality of Our Times (New York: Norton, 1938), pp. 156-157.

recognizes the executive talent through its reliance upon the executive to solve many of the social problems. Often the community calls upon its' business leaders to contribute to the solution of major social problems. This exemplifies the confidence society has in the person who has attained executive position but at the same time points out a dilemma within our social system. The Democratic system professes mass participation in the government by the people, but the actions of these same people in their reliance upon the Executive demonstrates a recognition that only a few are truly competent to direct society. This is the highest order of social reward, the reliance upon the executive to direct society.¹

Psychological and Material Compensation: In providing motivation for the executive, money seems to be the most stressed. But the compensation given the executive is both psychological and material. The psychological compensation is best illustrated by the size and furnishing of the office, size of staff, dining rooms, executive cars, expense accounts, club memberships and paid vacations. Achievement of these symbols and satisfaction of accomplishment in the executive role are not enough. To retain the respect of his family and peers for his organizational commitment, the Executive must be furnished material compensation in the form of money. Many professional people pretend to look down upon money as a motivator but society today measures success by financial standing. Compensation, both material and

¹Crawford H. Greenewalt, The Uncommon Man (New York: McGraw-Hill Book Company, Inc., 1959), pp. 39-40.

psychological, are best designed to satisfy all the needs of the executive so that he may give full attention to directing the organization.¹

Self-Fulfillment: The last item of motivation to be discussed is that of self-fulfillment. Though illusive to define, the self-fulfillment motivator may be the prime mover of the successful executive. Contemporary behavioral scientists agree that as a persons physical needs are satisfied his motivational force become more intrinsic. The higher-order needs such as autonomy, challenge and self-actualization become active as lower-order security and social needs come to be satisfied.² That the executive position offers the intrinsic reward of self-fulfillment cannot be denied. The best illustration of the self-fulfillment is the measure of job satisfaction and occupational prestige. "When a scale of relative job satisfaction is formed, based on general occupational categories, the resulting rank order is almost identical with the most commonly used occupational status classifications -- the Edwards scale of the Bureau of Census."³ Highest job satisfaction was indicated by professionals and managers as illustrated by a survey of all New Hope, Pa. job holders and also, by numerous other surveys and polls, professionals and business executives

¹Ibid.

²Edgar H. Schein, Organizational Psychology (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1965), p. 59.

³Timothy W. Costello and Sheldon S. Zalkind, Psychology in Administration (Englewood Cliffs, New Jersey: Prentice-Hall Inc., 1963), p. 81.

have the highest occupational status.¹

Summary

This, then, is the executive. He is a man unusual for his commitment to his organization. His product is management. His personal life is changed and restricted by that commitment. Even his family and his health are affected. He deals in logic, in people, in tension in a constantly more complex environment. His organization is vitally concerned for his well-being and appreciates his commitment with adequate compensation. How does the civilian community and the U.S. Navy acquire or develop this executive talent to fill the management positions? We will attempt to answer this question in the subsequent chapters.

¹Ibid., pp. 82-84.

CHAPTER II

CIVILIAN EXECUTIVE DEVELOPMENT POLICY and PROGRAMS

We have defined the Executive in Chapter I and now we are better able to examine the development programs that will furnish the people to fill the executive positions. Prior to examining the executive development programs of the U.S. Navy Supply Corps we must discuss the policies and programs of business. For it is the desires of business that mold college curricula for executive training. It is the recruitment programs and problems of business that affect recruitment of Supply Corps officers and it is the rewards offered by business that lure the Supply Corps executive potential to civilian endeavor.

RECRUITMENT

Luring of potential executives necessarily commences in the area of most promise, the colleges and universities across the nation. But the endeavors in this area have not been as fruitful as desired. The colleges and universities are not producing the quantity of Business School graduates needed to fill the business demand. This shortage can be attributed to three major factors, the unfavorable image of business, the lack of legitimate emphasis on Business Education by the college or

university and the competition from government and universities.¹

To entice students into business management studies, Business has been required to improve its image among students and before society. Many large businesses have launched advertising campaigns designed to prove their social and moral consciousness. "General Electric Company stresses its' role in the fight against air pollution (it builds filtering systems), Westinghouse Electric Company tells students and others about its work in running a Job Corps Center, and Corn Products Company asks for 100 college graduates who realize that hunger is the most urgent problem in the world today. The liberal-minded undergraduate in todays academic world is certainly concerned with careers that professes a social conscience, and business' success in illustrating a social conscience, will definitely recruit some executive potential."²

The lack of legitimate emphasis on business education by colleges and universities adds to the recruitment problem. The magnitude of the neglect of business education by universities and colleges was spotlighted ten years ago. "Two scholarly studies, one financed by the Ford Foundation, the other by the Carnegie Corporation, took them to task. The Ford Foundation report said: 'Some things do seem to be clear. One of them is the low level and narrow vocational character of much collegiate business education. Nearly as well documented is the failure

¹Franklin E. Smith, "An Undergraduate View of Professional Management", The MBA, October, 1968, p. 30.

²Ibid.



of most business schools to develop in their students the qualities of mind and character, and the kinds of professional-type skills, for which business and society have the greatest need. For these and other reasons, there is . . . strong and widespread dissatisfaction with the quality of business education in American colleges and universities today.' The Carnegie Corporation study was equally critical."¹ Fortunately, most colleges and universities reacted to the criticism and embarked upon ambitious programs to improve their business schools. By including in the curriculum, courses concerned with, quantitative methodology, mathematics, human behavior and situation analysis, business education is becoming a more legitimate academic discipline and is gaining in stature among students and student advisors. Along with curricula improvement, the faculty in most business schools have been up-graded. "In 1960, for example, the typical faculty member taught three to four subjects a week, compared to two to three today. Beginning salaries for assistant professors have gone from \$6,000 in 1960 to \$12,000 today--just for teaching. Most business schools accredited by AACSB have greatly increased the number of Ph.D.'s on the faculty."² The improvements in curriculum and upgrading of faculty has resulted in more students seeking business oriented degrees. "Enrollment in business curricula in this country jumped fifteen per cent in 1965. At the same time, of

¹John Costello, "The West Points of Capitalism," Nation's Business, June, 1968, p. 70.

²Ibid., p. 71.



course, the demands for these people are increasing at a rapid rate, and so unfilled demand creates the impression of dwindling supply."¹

The final factor causing business difficulty in recruitment is that of intense competition from government and universities. To some degree the success of government and institutions of higher learning in luring the business executive potential away from the business occupation may be due in part to the reaction to the two factors previously mentioned. But, regardless of this, the government is actively recruiting the college graduate into fields of government service. The need for a higher caliber of management potential in civil service position has been intensified by the management revolution started by President Kennedy and nourished by all governmental agencies, notably the Department of Defense while headed by Mr. McNamarra. During this era and to the present, modern management ideas in government have over-shadowed the sometime distasteful political aspects of doing government business. The appeal of a management-minded civil service and the personal desires of the contemporary student to work for betterment of society has drawn much executive potential away from the business community. Coupled with the problem of government competition for executive potential is that of university and college recruitment. Business is disturbed by the fact that "brighter" students shun a management career. The lack of interest in business by the brighter

¹Smith, Professional Management, p. 31.

student is caused by the college itself. The good colleges emphasize freedom of thought, inventiveness, use of intellect conceptualization and force students to theorize and philosophize in almost all of their courses of study.

Can business offer this kind of environment, this kind of a reward-incentive structure? First of all, it seems obvious that the intellectually motivated person will turn to the more "academic" professions: professor, researcher, scientist, lawyer--professions which demand and imply a high level of intellectual activity and intellectual freedom. Furthermore, students are under the impression that business does not offer such intellectual freedom. I don't consider it heretical to admit that this is partially true. The academically talented say they will be too constrained, too limited by their management level--too limited by the manipulation of the great technocracy; to them business involves too much application and too little creative thinking. They feel that the role of manager will not give them rewards in line with their intellectual abilities, that they will not be free to invent and discover. In short, business is not, in their opinion, in line with the way the college has taught them to think.¹

Perpetuating these academic concepts enable colleges and universities to draw the more talented students into the academic profession. But business has responded to this competition with its most powerful tool, money. The college student is not oblivious to the compensation being offered those who enter the management fields. "They know the kind of salaries MBA's are getting now. About \$900 a month--right out of school. And on the undergraduate level, recruiters are making their best offers to accountants--after engineers."²

Eventhough business is having its problems recruiting its prospective executives at present, the future is looking

¹Ibid., pp. 31-32.

²John Costello, "The West Points of Capitalism," Nation's Business, June, 1968, p. 71.



bright. More and more stress is being given management education, and salaries are becoming attractive to the students. Attitudes toward business are improving as a result of intensified psychological warfare and recruitment efforts of the future may reduce the competition of government and institutions of higher learning.

TRAINING AND DEVELOPMENT

Before discussing the training and development programs, we must understand that it is a top management decision as to the course of action the company will take in acquiring individual executives. Top management will generally select a course of action that will best satisfy their needs in either of the following ways. They will "make" their executives from within the present organization, or they will "buy" them from outside the organization. The executive bought from outside the organization will, in most cases, be the product of some other corporation or company training program. Whatever the course they choose, many factors will enter into the decisions and influence the type and extent of the training and development programs. The major factors are, corporate requirements, time and resource. First of all, top management must decide what requirements the organization has and will have for executive positions. The present long range plans may call for substantial increases in the size and departmentation of the organization. Plans may indicate a need to increase the business scope of technical capability which add a qualitative factor to the requirement. Also, time



is an important factor in determining the nature of a company's executive development and training policy. This would include both the amount of time present management must contribute and the total time required to elevate the potential executive to a management position. "The responsibility for development must be jointly shared by the individual and the organization. Though most development is self-development, the organization must provide both opportunity and encouragement."¹ Time may become the major concern in a company that survives because of its ability to capitalize on market opportunity. Finally, resources must be adequate to facilitate in-house executive development programs. These resources include the technical knowledge which must be available for instruction, the hardware for use of trainee and the trainee. The recruiting and selection programs must obtain the desired kind of people.

There is so much variety in the types of executive development and training programs, as a result of the previous mentioned factors, that we will not attempt to examine any particular program. We will confine our discussion to the various methods of training used by companies that have executive development programs. The plans of support for the formal executive development programs vary from provision of facilities at the plant for use of trainees enrolled in courses for which they pay a portion of the tuition, to classes at educational institutions where payment of full tuition and other expenses are borne by the

¹Richard L. Hartman, "Managerial Manpower Planning: A Key to Survival", Personnel Journal, February 1965, p. 89.



company.

Company policies as to the objectives of formal education for their executive enrolled in a development program are as varied as the types of programs.

Policy generally identifies areas or fields in which managers are expected to develop, but no single list or pattern has achieved universal acceptance. In broad terms, development means improved and more competent leadership. Frequently mentioned as a major area is breadth of vision and understanding, with fuller comprehension of social, economic and political values and processes. Development of depth in economic understanding is another widely accepted objective. Improvement in communications skills is another. Some policy places special emphasis on encouragement of originality and creative thinking. Some proposes thoughtful consideration of management philosophy, ethics and public responsibility. Policy often mentions improved management skills, with specific reference to analysis and reasoning, planning, organizing, evaluating, reading, writing, speaking and public relations.¹

To meet the various objectives, colleges and universities offer instruction in areas believed necessary to the development of executive ability. These areas include the following:

1. Social and Economic.
2. Development of creative thinking and decision-making ability.
3. Basic Management skills.
4. Behavioral Science and Human Relations.
5. Functional skills such as accounting, finance, production engineering etc.
6. Single industry courses such as banking or utilities.

Not all companies can afford to send trainees out-house. These

¹Dale Yoder, Personnel Management and Industrial Relations, (Inglewood Cliffs, N.J.: Prentice-Hall, Inc., 1962), p. 414.



companies develop courses taught by operating executives with assistance from educational specialists, usually college or university professors, at the plant or office facility.

Of course, formal training courses are not the whole story in Executive Development. Much reliance is placed on job rotation and problem solving on the job. Placing the executive in positions that will provide constant challenges to his ability do much to develop his potential and provide the valuable experience that he will be able to call upon when in the top job. For it is true in the last analysis that companies can't develop executives, executives must develop themselves. But the company can exercise considerable control over the development of the executive by the kind of business environment or climate they establish. The way that management runs the business, its philosophy and approach used to direct and reward men, and the management methods used, control the freedoms, opportunities and challenges that men need to bring out and develop their potential.

MOTIVATION

Within a companies organizational structure, business philosophy and compensation scheme must be the motivational forces that will drive the potential executive to strive for the top. Society recognizes the status of the executive and manifests his position by community prestige. The company can do no less to fulfill, partially, the ego satisfaction drive. As mentioned in Chapter I, physical symbols of position must be



afforded the executive on-the-job. An entertaining example of this was the receipt of a key to the executive washroom in the movie, "Will Success Spoil Rock Hunter", when an individual attains executive position. A wide range of status symbols are prominent in our modern business community. These range from the key to the executive washroom to palatial mansions. Further examination of this motivational factor is not necessary. Suffice to realize that a successful executive development atmosphere will have some status symbols as a motivational force, and all companies have some manifestation of this factor.

We can discuss status, ego fulfillment and other high order factors but we must face the hard facts. Monetary compensation is the best understood and most versatile motivational force. In many management magazines and business school journals, you will see articles and advertisements which reveal the law of supply and demand at work on the open market for executive talent. It is more economic for an organization to pay their executives on a constantly rising scale than to have them leave and go through the disruptions of management change. High gross compensation is an incentive for those who are working for promotion to that level. In addition: . . . "the starting pay of the young executive trainee hired from a graduate business or technical school has been rising at 8 to 9 per cent annually for at least two decades, more than double the inflation occurring in the executive compensation structure over the same period. In addition, the median salary of these graduates appears to be rising at approximately 15 per cent annually, compounded, in the



decade following graduation. In other words, their post-graduate pay has been doubling each five years."¹ This rapid rise in trainee salaries has caused a major problem in the compensation structure of today's business's, for as the trainee salary is increased, so must all other executive salaries be increased proportionately. But this is not the case in many corporate pay structures.

For example, a recent McKinsey & Company survey shows that the proportion of total payroll allocated to policy-level executives (the highest paid one-tenth per cent of all employees) dropped from 1.24 to 0.93 per cent between 1945 and 1967. This represents a decline of more than 20 per cent in twenty-two years. Another study shows that between 1940 and 1963, while after-tax executive compensation was doubling, after-tax paychecks of production workers increased by 350 per cent. Moreover, M.B.A. graduates in 1963 received 5 times the after-tax income they would have earned in 1940. The result of this squeeze between fast-rising starting rates at the bottom and relative loss of position at the top has been a growing compensation imbalance among the several levels of executive experience. In too many instances, companies are finding that their newest executive trainees are receiving almost as much pay as men with considerably more experience and demonstrably greater value to their employer. And as the pay of lower executive echelons has pushed upward into the pay ranges of the more experienced men, the effects have been felt all the way to the top.²

SUMMARY

Civilian executive development begins with the acquisition of potential. In doing this, business has encountered competition from government and institutions of higher learning. In addition, business has been required to establish an image which illustrates a concern for social welfare.

¹ Arch Patton, "What is Executive Experience Worth?", Business Horizons, October, 1968, pp. 31-32.

² Ibid., p. 32.



Having acquired the executive potential, business has several methods by which it may nurture the potential into reality. Business can provide formal education either on the premises or at educational institutions. Business can develop the executive through a systematic trainee program established within the organizational framework of the business. Generally, business will use a combination of formal education and trainee programs to develop the future executive, but if the product is insufficient, business will buy its executive from other businesses.

Motivation and retention are closely associated factors within the business community, for the compensation and status offered as motivation most certainly enhances retentions upon attainment. Compensation in the form of money has been a typical motivator and is now becoming a major factor of recruitment. The use of monetary means to lure executive potential has caused a serious problem in the corporate pay structures. All executive pay rates have not been increased in proportion to those of the trainee group which has resulted in a lessening of pay differential between trainee and top management. This phenomena can have a detrimental effect upon motivation and retention in some organizations.

We have examined civilian executive development programs very briefly, attempting only to acquire some basic thought on the policies and objectives that can affect the executive development programs in the United States Navy Supply Corps. In the following chapter, we will examine the entire process



of executive development in the United States Navy Supply Corps, noting the similarities and conflicts between civilian and military processes.



CHAPTER III

EXECUTIVE DEVELOPMENT in the U.S. Navy Supply Corps

It has been a prevailing view in the United States that the military officer is disciplined and inflexible, is characterized by mental traits which are blunt, direct and uncompromising. The military establishment is seen as an institution in which "debate is no more at a premium than persuasion: one obeys and one commands."¹ This may well have been a true analysis twenty years ago but can hardly be used to describe the military organization of today. The concentration of "purely" military occupation specialties has fallen from 93.2 per cent in the Civil War to less than 28 per cent in the Navy at present.² "The new task of the military requires that the professional officer develop more and more the skills and orientations common to civilian administrators and civilian leaders."³ This evolution in configuration has resulted in increased transferability of skill from military to civilian organization.

The Supply Corps exemplifies the technical specialization trend of the military organization. This specialization requires

¹C. Wright Mills, "The Power Elite", (New York: Oxford University Press, 1958), p. 196.

²Morris Janowitz, The Professional Soldier, (New York: The Free Press, 1960), pp. 9-10.

³Ibid., p. 9.



the Supply Corps to acquaint its' managerial talent with civilian management methods. For, as prime logistical agency of the Navy, the Supply Corps is a major interface between the civilian and military community in providing the resources for the Line commander to assure national security. The management of these resources has been the object of intense scrutiny for the past decade.

The close examination of military logistics management is a result of economic forces: The world situation requires the United States to maintain a large standing military force which necessitates an enormous outlay of funds. The taxpayer is demanding more government expenditures in the social area without substantial increase in taxation. To accomodate this "bullets and butter" economy, the entire governmental organization has been thrust into an enormous self evaluation of resource management to attain maximum utilization from assets available. The McNamara-Hitch-Enthoven endeavors have been aimed at bettering resource management and improving the logistic stature of the Defense Department. These endeavors have required the Supply Corps today more than ever to account for its stewardship. Modern management techniques have been applied to military resources to a degree and with a rapidity never experienced by civilian industry. During the 1960's, executives engaged in logistics management have moved into a position of importance very close to that of the military commanders. There are indications that managerial skills are weighted more heavily than military leadership today in many key positions filled by



logistics officers.¹

In 1966 a contract was let to Management and Economics Research Incorporated (MERI) for the purpose of determining the future environment and the Navy Supply Corps role in this environment. The results of this endeavor were presented to the participant in the Navy Supply Corps conference held at Williamsburg, Va. in May 1967 and form a sound basis upon which to base the evaluation of the executive development programs of the Supply Corps.

DIRECTION

The Management Economics Research Incorporated examined the major areas of impact related to management of logistics operations and of logistics enterprises as they could be projected through the next decade. These areas of impact include the impact of technology on people, material, facilities, services and money. Also, the impacts on concepts of logistic management and skill requirements as they pertain to the Supply Corps function. We shall examine each of these impact areas in detail to determine the direction in which executive development programs of the Supply Corps should be headed.

Impact of technology on people: "The challenge of changing technology to naval logistics managers will be intense and diverse. Managers will be affected both personally and professionally."² Communication, both man-machine and man-man,

¹Management and Economics Research, Inc., p. 7.

²Ibid., p. 59.



will emerge dominant as a necessarily refined tool of the manager.

Manager-machine relations will enter a new era of development in which men must be aware of and control a greater diversity of operations and in what is called a real-time mode. Speed and precision will be augmented by means of communications-based computers. The "no paper-work" era of communication will require development of wholly new methods of administration, control, and exercise of leadership. Highly automated information systems will assist decision-making at middle and higher levels. Aggressive managers will increasingly use operations research techniques. Managers accepting and learning to apply new generations of computing and communications tools will find greater and greater responsibilities thrust upon them, while those who cannot adjust will become obsolete and probably will be replaced.¹

The entire area of communication will be the subject matter for many education and training programs of the future and carries with it overtones of the present development in behavioral science. Communication is but one area which will be affected by technological changes which influence people.

Many day-to-day routine activities, especially in such information processing fields as accounting, inventory control, personnel records, etc., will be substantially automated, resulting in some technological displacement of personnel, especially at the junior and some middle-management levels. Both the design and operation of advanced business information systems will demand a new group of specialists not present today. One of the Navy's major challenges will be to recruit, train, and keep qualified personnel in this specialty.²

In summary, naval business managers must be expert in all forms of communications and information systems, knowing at all times what is happening at all levels of the organization.

Impact of technology on material: The entire spectrum of naval

¹ Ibid.

² Management and Economics Research, Inc., p. 60.



materials is changing. New metals and synthetics are replacing standard fabrication materials as we know them today.

Lightweight, compact, rugged, and highly fabricable materials for aircraft landing surfaces and a variety of combat zone structures will be evolved and must be included in new designs. Impact-resistant materials amenable to highly automated packaging systems must be developed and integrated into parachute-less airdrop cargo delivery systems.

Disposable materials that will replace durable materials (such as paper for leather or fabrics) will require extensive reorganization of procurement, distribution, and control procedures. Applications for fuel cells and fission power reactors, together with significant improvements in chemical fuels technology, will necessitate the evolution of new supply philosophies and practices. With respect to fuels, podding and new systems for moving mixtures of liquids and solids will change distribution systems extensively.¹

In consonance with the changes in material type will be the innovations in material handling and storage to accomodate the variety of new materials. All of this will necessitate more sophisticated and effective management control of material costs.

An irreversible trend toward the tighter integration of the tasks of setting material requirements, production, and distribution may force some traditional naval supply functions to be turned back to the industrial suppliers. For example, nondestructive testing and final packaging of items or equipments will be performed by the manufacturer. Computerized reports of test results will be forwarded to the Navy and no further packaging will be required for delivery to end-user. On the other hand, the ability to make multiple end-use of materials in inventory may require that supply personnel engage in final processing or assembly operations not previously practiced within the Navy. Integrated automation of procurement, production, and distribution will require much more highly developed procedures to provide interface between the Navy and its suppliers.²

In summary, the next decade will see rapid change in the composition of the material type and quantity handled by the

¹Ibid., p. 61.

²Ibid., p. 62.



naval supply systems.

Impact of technology on facilities: The foreseeable impacts on people and material will contribute to the changes required in facilities. Major impacts on facilities will be from the automation of production, handling and storage, from the requirement for faster response, from new concepts in distribution, from improvement in supply management information handling, from demands for consolidation, standardization and integration within the DOD and from changing materials, end-items and equipment.

Because of the time lag of construction of facilities, and the vital place of facilities in a naval logistics "pipeline," facility planning will be hit first and hardest by these changes. To take into consideration the above changes in planning new facilities, a planning team made up of various skills will be required. For example, the number and location of supply facilities will be determined increasingly by simulations and modeling. Developments in containers, testing, and inter-modal transportation must be integrated into facilities planning and operation.¹

In summary, technological changes which affect people and material will also require change in facilities. The impetus of change will be towards more rapid response, more effective response and tighter interface between user and supplier.

Impact of technology on services: The services managed by the Supply Corps will become almost fully automated. These services . . . transportation, food service and resale services . . . will respond to the necessity for speed, efficiency and economy. "Transportation will shift to air for many supplies previously carried by land and sea, because of declining air cargo costs,

¹Ibid., p. 63.



demand for fast response, and tight defense dollars."¹ Food service will make full use of automation in processing, handling and storage. Resale operations also are likely candidates for automation in the areas of routine reordering, purchasing, recordkeeping and auditing.

Impact of technology on money: Numerous and varied changes will take place in the financial and monetary aspects of naval supply.

Financial and monetary aspects of naval supply command management will be deeply affected by technological changes in the national and international banking and financial worlds. Pressure to increase the flow velocity and reduce the cost of handling money, checks, and credit instruments is intense. Bankers foresee the substantial elimination of currency and checks from financial transactions in the 1966-1980 era. Replacing them will be a national or international network of widely distributed, very reliable, inexpensive electronic transaction terminals connected with each other through central accounting, clearing, and credit files.

Speaking generally, such a system will speed the flow of money and credit, reduce credit risks, and improve and reduce the cost of accounting and related fiscal operations. "Float" of funds will approach zero since the system will post credits and debits instantaneously. New methods of financing, insuring, etc., are inherent in such an improved system and will certainly be developed.

The challenge of such systems to financial management personnel will be many. Procedures for disbursement, auditing, budgetary planning and control, and all such functions must be redesigned, tested, and implemented throughout the naval service. Security of financial information must be provided where this is necessary. Naval supply transactions must be integrated with the Navy's overall automated financial system as it evolves, as well as with other public and private systems. So comprehensive and diverse are the functions of money and credit in our economy that such a major change is certain to present endless challenges, many of which cannot be anticipated in detail at this time.²

Impact on concepts of logistic management: We can see the changes presently taking place in management concepts. PERT, program

¹Ibid., p. 65.

²Management and Economics Research, Inc., pp. 66-67.



packages, and the Planning, Programming, and Budgeting systems represents new concepts founded on old principles of management.

"New management concepts are emerging because of advances in behavioral science, electronics (computer-based information systems), and communication. These concepts are fostered by new management tools that depend on technological advances."¹

Old systems that were created because of constraints on information processing and communication are now prime targets for change. The advances in management information systems will have significant impact on the tools of management. Some of the most significant are listed below.

1. Paperwork as we know it today will greatly diminish through phased replacement by advanced logistics information handling systems.
2. Analysis of supply support problems will be re-located to the highest level consonant with understanding of the problem and of its solutions.
3. Solutions to problems solved by so-called middle logistics management will require a greatly expanded understanding of the consequences of taking action and alternative solutions to the problem. Isolated problem solving is dead in the management of logistics operations.
4. Executives will develop an entirely new man-machine relationship. Learning to use a communications-based computer system will be as easy as learning to drive a car. The machine will amplify the naval business executive's knowledge and will assist him by broadening the scope of his search for a solution. By 1980, such data systems will perform routine supply support decisions and provide weights for alternative solutions to supply problems.
5. Problem solving by committee interaction may decrease substantially. An analysis of the phenomenal use of management by committee in the 1940s and 1950s reveals

¹Ibid., p. 67.

the basis for its growth to be increasing complexity of business problems and a communications breakdown. The forecasted revolution in communications systems, including information handling, will be of sufficient force to reverse this growth in management by committee.

6. Response time to inquiries and problems by each management and operational echelon manned by the Supply Corps will have to match other elements of the logistics systems of the Navy and DOD.
7. Trend toward more standardization of end-items, equipment, and management control systems will reduce the labor requirement for logistics managers whose equivalent time today is taken up with problems related to one-of-a-kind items.
8. Business-type intelligence will be distributed at high rates and in sophisticated forms unknown today. Supply Corps officers and logistics civilian executives are facing technological obsolescence in several areas, such as:
 - a. Behavioral sciences--understanding and utilizing advanced information storage and retrieval systems.
 - b. Man-machine relationships--replacing man's fear of being displaced by the machine with concept of man and machine being complementary.
 - c. Biological--stresses created by the electronic age, which demands almost instant response.
9. Weaknesses in the naval supply system will become obvious quickly as automated information systems take hold. Any weak link will be intolerable to the rest of the system. All parts--civilian, military, communications hardware, etc.,--must be of equal quality.
10. Interdisciplinary teams will be used widely to:
 - a. Conceive new approaches
 - b. Design management control systems
 - c. Develop models and simulate operational supply problems.¹

Impact on skill requirements: From all the findings of the

¹Ibid., pp. 68-69.



Management and Economics Research Incorporated study, a pattern of skills was drawn. This pattern represented the skills that will be required by naval logistic managers as indicated by impact areas. The fields that will provide major changes in logistic management are behavioral and social science, electronics, mathematical science, methods and equipment, military science and communication.

All Supply Corps officers and civilian executives engaged in logistics will require at least a general knowledge of those aspects of these six fields offering change. It would be desirable for each Supply Corps officer to specialize in those subgroups of at least one field during his career. In addition, a certain number of officers should be educated in and should remain current in these fields offering less, but still important, changes. These secondary fields are:

Aeronautics; e.g., air transport capabilities

Biological and medical sciences; e.g., food processing and preparation

Chemistry; e.g., polymers and throwaway fabrics

Earth sciences and oceanography; e.g., water and waste management techniques

Mechanical, industrial, civil, and marine engineering; e.g., ground and seatransportation concepts, cargo handling¹

SUMMARY: The changes that will take place in the next 15 years pose the greatest challenge to the ingenuity of the Supply Corps since inception. The technological revolution is proceeding so rapidly and encompassing such a broad spectrum of activity that any organization that does not adapt will become extinct.

The question posed by technology is not simply one of specialists or generalists, but rather one of more highly

¹Ibid., p. 87.

trained logistics managers who possess a broad-gauged understanding of many integrated functions. The Corps can no longer survive if it continues to refine and perfect the details of a system that is fast becoming obsolete. The concepts, methods, and men comprising the logistical support system during the 1966-1980 period will be fundamentally different. The Supply Corps has been moving into the new geometric pattern, perhaps without realizing the nature of the change. The decreasing number of Supply Corps officers who work in NAVSUP billets reflects the blurring of function lines. A clearer picture of the goals and requirements can be obtained by first understanding the nature and direction of technological change and, secondly, by exploiting it.

A plan of action to achieve these objectives should include the following elements:

1. Systematic review of scientific and technical forecasts
2. Development of means to translate the forecasts into useful instruments for planning of resources and systems
3. Time scheduling for carrying out courses of action suggested by technological change.
4. Identification of constraints that should be overcome to obtain goals.
5. Management development programs that will produce logistics executives who possess:
 - a. A broad understanding of political, social, economic, and technical changes taking place
 - b. Much improved ability to use behavioral sciences
 - c. Ability to communicate rapidly and intelligently
 - d. Ability to gain acceptance for innovation and change
 - e. Ability to exploit the computer-communications systems to meet the greatly increased complexity of his job.¹

The preceding represents the estimations, by the Management and Economics Research Incorporated, of future

¹Management and Economics Research, Inc., p. 92.

managerial requirements of the Supply Corps. Inherent in these estimations are the shortcomings of projecting into the future. But, the validity of the projections seem self-evident if we associate them with the prospects of the civilian community advancements in technology. It then becomes incumbent upon the Supply Corps to adapt its' philosophy to absorb the demands of the future.

This then is the picture as presented at the Supply Corps Conference held at Williamsburg, Va. in May 1967. The outgrowth of the presentation was a consensus that a doctrine and objective for the Supply Corps should be provided to give direction in development of Supply Corps officers to meet the Navy's future requirement. On 16 November 1967 the Chief of Naval Operations approved the Doctrine and Objectives of the Supply Corps. (Appendix A). The document leaves little doubt as to the quality and depth of executive talent required of the Supply Corps.

To provide this executive talent, Supply Corps must recruit executive potential from the civilian community. Nurture and expand this potential to achieve the "executive character" as defined in Chapter I. Educate this executive in the methods of modern management as dictated by the present and future socio-economic situation. And finally persuade this executive to devote his life to the Supply Corps. The success of these executive development endeavors will determine the effectiveness of the Supply Corps as logistical arm of the Navy. To examine the executive development process of the Supply Corps, we will

commence with recruitment.

RECRUITMENT

The process of obtaining the officer recruit for the Supply Corps is an appendage of the total Navy recruitment program. Therefore, it is necessary to examine the various methods of Navy officer procurement and their relation to Supply Corps officer recruitment.

The U.S. Navy acquires its officer complement from five basic programs: the Naval Academy, two Naval Reserve Officer Training Corps programs, the Officer Candidate School and the Reserve Officer Candidate programs. All of the programs were established to provide the total officer requirement of the U.S. Navy and are oriented toward the Line Officer skills. It is from the participants in these recruitment programs that the Supply Corps obtain the young men who will be the future logistic managers of the Navy.

The Naval Academy: It would be of little benefit to discuss Supply Officer procurement in relation to the Naval Academy. The number of Supply Corps officers who come from the U.S. Naval Academy represent less than 6 per cent of total input. Recent regulations have restricted the number of academy graduates who may apply for supply training and the relaxing of physical standards for Line Officers further decreased the supply applicants from the Naval Academy.¹

¹Interview with Lieutenant Edward J. Mathias, Military Personnel Plans Branch, Navy Supply Corps Personnel Office, Washington, D.C.: 13 December 1968.



Naval Reserve Officer Training Corps (Contract): The contract Naval Reserve Training Program was instituted to allow college students to serve their country for a specified period as reserve officers in the Navy or Marine Corps. These students enter into a mutual contract with the Secretary of the Navy in which they agree to take certain Naval Science courses and drills, and complete one at-sea training period. The student must enlist in the Naval Reserve prior to commencement of the advanced course of the junior and senior years. In return, the Navy provides all of the required uniforms, Naval Science textbooks, and pays advanced course students \$50.00 a month subsistence allowance. The contract student must pay his own tuition. Upon graduation and the completion of his naval requirement the contract student is commissioned as an Ensign in the U.S. Naval Reserve and must serve three years on active duty.¹

Naval Reserve Training Corps (Regular): The regular NROTC program is maintained for one purpose, that is to augment the Naval Academy output. This and the Naval Academy are the two most highly competitive officer-candidate programs in the Navy. The program is under the immediate supervision of the Chief of Naval Personnel and successful candidates are appointed midshipmen, United States Naval Reserve. The regular NROTC students are granted compensations and benefits authorized by law for a period of four years. This compensation pays tuition, cost of all textbooks, other fees of an institutional nature, and

¹U.S., Department of the Navy, Navy Officer Careers Handbook, 1967 (Washington, D.C.: Government Printing Office, 1967), p. 14.

subsistence allowance of \$50.00 per month. Students in the regular or contract NROTC programs lead approximately the same life as other students. They make their own arrangements for board and lodging, undertake normal studies leading to a bachelors degree and may pursue any extra-curricular activities as long as they do not interfere with naval science requirements. Upon graduation, the regular NROTC midshipman, although on reserve status in college, is commissioned as a regular officer in the naval service.¹

Officer Candidate Schools (OCS): For college graduates who did not avail themselves of one of the NROTC programs while in college and desire to serve their military obligation in the naval services, the OCS program is available. To be eligible, the applicant must be between the ages of 19 and 27, a graduate of an accredited college or university with a baccalaureate or post graduate degree and meet the physical requirements for a naval officer. As an Officer Candidate, the young man will be trained in the basic fundamental of naval science and leadership at the Officer Candidate School at the Newport, Rhode Island Naval Base. The school offers a highly concentrated, 18 week course of basic fundamentals which is similar to that taught over a four year period at the Naval Academy. Graduates of OCS will be commissioned an Ensign in the U.S. Naval Reserve and serve three years active duty immediately upon completion of school.²

Reserve Officer Candidate (ROC): The Reserve Officer Candidate

¹Ibid., p. 12.

²Ibid., p. 16.

program is designed for Naval Reservists but is open to non-members also. This program requires no formal naval science classes if the member attends reserve meetings for approximately three hours a week or one weekend a month. ROC training consists of two eight week summer sessions at Newport, Rhode Island. The instruction given the ROC at Newport is identical to that given to OCS candidates. The compensation given an ROC consists of his normal reserve pay for the weekly meeting and full pay for the 8 week training courses.¹

Supply Corps Input: The five programs outlined above provide the input of officers required by the Navy. Prior to acceptance into a program, the applicant must rate satisfactorily on a battery of tests, interviews and physical examinations. Upon being accepted, the candidate must successfully complete the required academic curricula. During the latter portion of his schooling, he may apply for a staff designator in either the Supply Corps or the Civil Engineer Corps. From these applicants, a limited number will be sent to Supply Corps School for further training. They are selected for Corps training on the basis of their Officer Qualification test scores, performance in their naval science studies and recommendation of their instructors and Supply Corps interviewer. By this system of selection, the Supply Corps is able to select the superior performers from the applicants.²

¹Navy Officer Careers Handbook, p. 15.

²Interview with Lieutenant Edward J. Mathias, Military Personnel Plans Branch, Navy Supply Corps Personnel Office, Washington, D.C.: 13 December 1968.

The Navy has had a few problems in recruiting sufficient candidates to fill the service requirement. In fact, the only problem has been one of selection. The applicants have outnumbered the requirements. This situation has persisted during this period of high draft quotas and indication are that initial recruitment should be no problem as long as the cold war atmosphere holds the draft requirements high.¹ The government competition for executive potential mentioned in Chapter II refers to non-military agencies. Business does not compete with the military during the military obligation era of the potential executives life. In fact, business generally encourages the graduate to complete his military obligation prior to entering the business community. The competition from business comes at the end of the obligated active duty when the Supply Corps is making maximum effort toward retention of superior performing junior officers. The problem of retention will be covered later in this chapter.

Having obtained sufficient quantity of executive potential, the Supply Corps embarks on a vigorous program of developing this potential.

EXECUTIVE DEVELOPMENT

After receiving a commission through one of the previously mentioned officer procurement programs, all Supply Corps officers are ordered to the Naval Supply Corps School at Athens, Georgia, for a six month basic qualification course.

¹Ibid.

This course is designed to develop the skills and techniques required to function properly as a shipboard Supply Officer. Shipboard operations are emphasized since over 95 per cent of the officers report directly to sea duty upon graduation from the Navy Supply Corps School but this emphasis is environmental and does not limit the functional areas of training. Five basic courses constitute the curricula; Supply Management, Disbursing, Food Service/Retail Operations, Computer Training and Personnel Administration.¹

The Supply Management course emphasizes the fundamentals of procurement, storage, inventory control and funds budgeting. The Disbursing course covers the maintenance of pay accounts and miscellaneous transactions such as travel pay, special allowances etc. The Food Service/Retail Operation course covers the procurement, inventory control and financial management in the messhall and ship store operations. The Computer Training course introduces the Supply Corps officer to the Navy's expanding computerized systems of supply management and provides a background in computer fundamentals, capabilities, programing, and management applications. The personnel Administration course examines leadership approaches, career development and social responsibilities with the ultimate goal of effective manpower management. The completion of the six month Navy Supply Corps School constitutes the embryonic foundation for the United States

¹Douglas Alan Brook and Raymond Alan Boas, "A Matter of Training," Navy Supply Corps Newsletter, Vol. 32 (January, 1969), pp. 16-20.

Naval Supply Corps Executive Development Program.¹

From the Navy Supply Corps School indoctrination, the executive development program of the Supply Corps is similar to that of the civilian business community. Job rotation, formal and informal education and self improvement are the methods used by of both the Supply Corps and the business community to develop the executive. All Supply Corps efforts toward executive development have two goals. First, to develop and sharpen those desired characteristics of an executive as defined in Chapter I. Secondly, to impart the knowledge and experience required for the Supply Corps officer to participate in those areas of endeavor delineated in the objectives of the Supply Corps (Appendix A).

JOB ROTATION

The first method of developing Supply Corps executives to be examined is that of job rotation. The present typical rotational pattern, Figure 1, is founded on a 30 year career basis with major development impact through the first 22 years. This 30 years is divided into three periods of experience requirement and training impetus. These periods are, Basic, Technical Training, and Command and Staff Training.²

Basic Period: The basic period covers the time of entry into Naval service to approximately year six. The basic period is divided into three phases; first operational, second operational

¹Ibid.

²Navy Officer Careers Handbook, p. 22.

GRADE	YRS.	PERIOD	PHASE	SEA	CONTINENTAL & OVERSEAS
ENS.	1	BASIC	1st OPERATIONAL	SUPPLY DUTY AFLOAT	
	2				
LT.(JG)	3		2nd OPERATIONAL		DEPARTMENT OR DEPOT SUPPLY OFFICER ASSIST.
	4				
	5		3rd OPERATIONAL	LARGE SHIP OR STAFF AFLOAT	ASSIST. SUPPLY OR FISCAL OFFICER
	6	TECHNICAL TRAINING			
LT.	7		1st OPERATIONAL OR EDUCATIONAL		SUPPLY ASHORE 5 TERM COLLEGE POSTGRADUATE TRAINING
	8				
	9				
	10		2nd OPERATIONAL OR EDUCATIONAL	SUPPLY OFFICER LG. SHIPS STAFF	SUPPLY OR FISCAL OFFICER ASSIST.
	11	COMMAND AND STAFF TRAINING			
LCDR.	12		3rd OPERATIONAL OR EDUCATIONAL		GENERAL SUPPLY AND FISCAL FUNCTIONAL TOUR
	13				
	14				
	15		1st OPERATIONAL	LG. SHIP STAFF LG. SHIP S.O.	SUPPLY/FISCAL DEPT. HEAD FLEET STAFFS
	16				
CDR.	17		2nd OPERATIONAL OR EDUCATIONAL		LARGE SUPPLY ACTIVITY DEPARTMENT HEAD
	18				
	19				
	20				
	21		3rd OPERATIONAL		SERVICE COLLEGES
	22				
	23				
	24				
	25				
CAPT.	26		FINAL DEVELOPMENT		SERVICE COLLEGES
	27				
	28				
	29				
	30				

Fig. 1. --Typical Professional Development Pattern¹¹Ibid.

DATE	DESCRIPTION	AMOUNT	CHECK NO.	BANK
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and third operational. The first operational phase covers the first and second years of the officers career. During this phase the officer will complete the Naval Supply Corps School and be assigned to an operational billet usually aboard ship. Assignments during this phase acclimate the officer to military life and provide initial opportunity to apply the skills taught at Naval Supply Corps School. Also, the first operational assignment will afford opportunity for demonstration of basic executive talent and characteristics. Resources management, personnel administrative budgeting and planning functions are present in every billet as are demands for commitment and decision-making ability. The second operational phase covers the third and fourth years of the officers career. Assignment to an ashore supply function as an assistant to a Department Head is typical of this phase. Broadening of functional base and increase in responsibility are the motives of this developmental segment. The third operational phase, covering years five and six, is the final segment of the basic period. Assignments during this phase tend toward large ships or afloat staffs and overseas billets as Assistant Supply or Fiscal Officer with the purpose of further broadening the base of executive function and imparting additional experience and knowledge in the Supply Corps function. This completes the basic period of executive development through rotation. As can be surmised from our observation, the impetus is on the development of general supply skills and limited executive functioning. Executive functioning is limited not by the range of talent and

characteristic required but by the area of impact that the executive function affects.¹

Technical training period: The technical training period covers the years from seven to ¹⁴ten. This period is also divided into three operational phases but each phase includes an education sub-title. This indicates the first integration of formal institution and service school training into the rotational pattern. The reasoning behind inclusion of formal and service school education during the seven to ten year period is influenced by three facts. First, the officers who are not career motivated will leave the Corps prior to or during the first two years of this period and to provide formal education to these officers during the basic period would have been uneconomical. Another fact is that of educational obsolescence. The officer at this time in his career has been away from formal education for several years and with the rapidly changing state of the managerial art, the officer becomes out-dated in his formal educational background. Finally, as the officer moves up the promotional ladder, the requirements for depth of knowledge begins to out-weigh the requirement for range. The facility to develop the optimum in range and depth within a normal Supply Corps officer's career is non-existent. Therefore, it is necessary to develop specialists in the various functional areas. The functional specialization during this period is attained through an extensive postgraduate and service school

¹Interviews with various officers within the Navy Supply Corps Officer Personnel Office, Washington, D.C., December, 1968.

programs.¹ Those postgraduate schools available to Supply Corps officers are listed in Appendix B. Formal education and service schools will be discussed later in this chapter.

Assignments during the Technical Training period follow the same general job pattern as those of the basic period. The major difference is that of position. The officer will be Department Head, Supply Officer or Fiscal Officer rather than an assistant to that position. Also, officers completing formal or service schooling will be assigned billets in which they will have the opportunity to apply the newly attained knowledge.

The command and staff training period: The command and staff training period covers year 15 through year 30 and assignments during this era are intended to groom the Supply Officer for command of our largest supply facilities, Supply Officer of major fleet staffs and Bureau Chief. To compliment rotation, numerous staff colleges are available to the command potential during this period. The Naval War College, National War College, Industrial College of the Armed Forces and the Armed Forces Staff College provide courses of study in joint organization planning and operation, in strategic and tactical decision interpretation and in economic and industrial aspects of national security. These courses are keyed to the highest levels of available knowledge in the field of study.²

¹Ibid.

²U.S., Department of the Navy, Navy Officer Careers Handbook, 1967 (Washington, D.C.: Government Printing Office, 1967), pp. 28-30.



FORMAL AND SERVICE SCHOOL EDUCATION

The formal education offered the Supply Corps officer consist of the several postgraduate courses as listed in Appendix B. The direction of the formal education has been aptly presented by Captain Scott, director of Supply Corps Personnel. Captain Scott stated the following:

In the development of the techno-economist, the Supply Corps officer of the future, as envisioned by the MERI study, our emphasis is to upgrade the Supply Corps both from the standpoint of input and postgraduate education to insure that we have a cadre of officers skilled in the mathematical sciences, analytical methods, hard sciences and engineering, and the behavioral sciences, so necessary to meet the challenges of the future.

This emphasis is now reflected in our postgraduate program. For the second straight year, we will put 6 officers in the two year operations research curriculum at Monterey. Our computer systems curriculum has been strengthened to include greater emphasis on quantitative analysis and financial management systems and our input has been raised to 13. In all our postgraduate curricula, operations research, computer systems and system analysis are being emphasized in each program.

In order to meet present and future requirements in the field of procurement, we will be sending 5 candidates to George Washington University in August to work on their MBA in procurement and weapons systems acquisition.

This is in addition to our eight procurement postgraduate candidates at the University of Michigan.¹

In addition to the re-direction of the formal education program, quantity input has been raised. In 1966, 66 officers were enrolled in the postgraduate program. Presently, there are 105 enrolled in the Masters Degree program and 7 enrolled in the PhD program.²

Maintaining the present enrollment rate, the Supply Corps

¹U.S., Department of the Navy, Supply Systems Command, U.S. Navy Supply Conference, 22-24 April 1968 (Washington, D.C.: Government Printing Office, 1968), pp. 128-129.

²Ibid., p. 130.



can offer advanced formal education to 896 officers during the technical training period. The Supply Corps regular officer strength during the technical training period is approximately 2000. These officers are of the rank of Lieutenant or Lieutenant Commander. Through the process of forced attrition, approximately 600 of these 2000 officers will attain the rank of Commander.¹ If postgraduate education were used as a prerequisite to promotion, all officer of the rank of Commander and above would have, at least, a Master's Degree.

It seems apparent that adequate postgraduate opportunity is available to fulfill the requirements for functional and conceptual education. But, in addition to formal institutional education, the Navy provides several service schools in similar functional areas. The service schools are generally of six months duration and staffed by civil service or military personnel. The objective of the service school is limited to that of developing skills in only the functional aspects of the subject. Transportation Management, Procurement and Retailing are but a few of the service schools offered the Supply Corps officer.

APPRAISAL

Throughout the discussion of executive development we have made no reference to the process used to select officers for schooling and promotion. Like every executive development

¹"Supply Corps Officer Strength FY 1969," Navy Supply Corps Newsletter, Vol. 32 (March, 1969), p. 67.

program, the keystone of an effective system is appraisal. It is through systematic and periodic appraisal that the potential of officers for higher command and responsibility is made known to top management. Also, it is through such a system that an officer's weaknesses can be revealed to him for action on his part.

The Supply Corps make considerable use of an appraisal system based on fitness reports submitted by the subjects officer senior. Since the Supply Corps must use a system of forced attrition, appraisal for fitness for promotion is not only an absolute basis, but on a comparative basis with officer contemporaries. So not only is the officer fitted for promotion, he is best fitted for promotion. Also, the appraisal system is used to determine an officer's capability to perform in various assignments and as a basis in the selection system for higher education.

To do all this, the appraisal system must not only measure performance, but it must also evaluate personal character, intellectual ability and the potential for higher responsibility and advancement. The Navy system is designed to do all of this but in addition, personal interviews and personal correspondence are used to augment the fitness report information. Naturally, as in any appraisal system, it is only as good as the people administrating the report. If human emotions can be kept out and appraisal made dispassionately, the evaluation system will be accurate. If not, the system will be misleading and ineffective. Fortunately, the Navy system has



functioned with reasonable effectiveness. The system is under constant surveillance and study to assure continued effectiveness.

MOTIVATION

The examination of any executive development process must involve the ability to attract the people to participate in the process. In relation to the U.S. Navy Supply Corps, this attraction is generally described as career motivation.

Environmental motivators: The first aspect of career motivation to be examined is that of environment. As discussed in Chapter I, creation of an environment that represents as concern for the problems and needs of the executive is essential in retention. The practice of giving the executive a staff to free him from routine work was conceived by the military and is fully implemented in all military organizational structures. The overt function of the staff is providing the capability to eliminate routine administrative duties from the endeavors of the executive. This staff configuration serves two purposes in relation to the Supply Corps Executive. Staffs, as previously mentioned, will release the executive from routine matters and allows him to concentrate on the higher order of decision-making. But, in addition, this practice also provides a status symbol for the aspiring executive to attain. The use of status symbols is a predominant motivational tool of the military. Officer Clubs, Officer living quarters, Officer recreational facilities and other community separations provide some inducement for



young men to apply for commission (become executive potential). Within the officer facilities are further inducement intended to reward achievement and encourage advancement. Brass hat rooms, senior officers lounges and senior officer quarters are but a few of the in-rank status symbols. To attempt to provide for a few of the personal needs of the top executives, Flag rank and Commanding Officers of Supply activities are provided stewards. Stewards services are similar to butler/valet activities in the civilian community.¹

Psychological motivators: The ego fulfillment motivation is much an individual trait. Service to society, patriotism and authority are all ego motives that can be satisfied by a military career. Of these, authority is the prevalent manifestation. Executive authority in military command and administrative billets is clearly defined. The nature of the exercise of authority in the military is an evolving thing. Persuasion has replaced domination, unit initiative has overshadowed centralized command and conference techniques have replaced single executive dictatorship. This is a transition with conflicting implication for the Supply Corps executive. While yielding some power in his element of command, he is now participating more in the authority of senior echelons.²

Material reward: The material compensation of a Supply Corps officer career consists of two elements, Fringe Benefits and

¹Janowitz, The Professional Soldier, pp. 104-115.

²Morris Janowitz and Roger Little, Sociology and the Military Establishment (New York: Russell Sage Foundation, 1965), p. 41.

Salary, which are consistent with those elements of the civilian material compensation.

To discuss fringe benefit in detail as totally an executive motivator would be pointless. Most fringe benefits are equally available to all service members and their dependents. But, undoubtedly, the profession of fringe benefits such as commissaries, medical care and government housing has some degree of motivational force within the executive community. The pay structure of the military is designed to reward ability and tenure. Officer salary graduation is consistent with rank and time in service, scaled evenly from approximately \$5000 for the lowest rank to approximately \$31,500 for the highest.¹

SUMMARY

An analysis of the executive development programs of the Supply Corps reveals the presence of most necessary attributes of any successful program. On-the-job training, formal education and service schools are used to educate the officer in the technical skills of his profession. Rotation through a wide range of job assignments will enhance the officers experience in the application of various management techniques while formal and service school education will broaden his theoretical knowledge. Recruitment has been adequate and necessary motivational factors have some degree of manifestation. What then is the problem area affecting the Navy Supply Corps

¹U.S. Department of Defense, Joint Military Services Pay Tables, 1968 (Washington, D.C.: U.S. Government Printing Office, 1968), pp. 01-010.



executive development process? The answer to this question can be found in the examination of the Supply Corps ability to retain the superior performing officers in quantities necessary to meet the needs of the service.



CHAPTER IV

RETENTION

As indicated in Chapter III (page 42), the Supply Corps is in excellent position to recruit the top performers from among the various Officer Candidate programs. This is both an advantage and a detriment. It is an advantage in that the quality of executive talent initially recruited is the highest. It is a detriment in that this same high quality is fair game to civilian executive recruitment effort once obligated service has been completed. Retention of superior performing Supply Corps officers beyond obligated service then becomes the major area of competition with civilian business. The concentration of this competition centers in the areas of Status, Compensation and Personal Sacrifice required of the individual.

Status: As mentioned in Chapter II, the occupational status of the civilian business executive is one of the highest in our society. Unfortunately, the occupational status of the military has been declining. The inherent problems associated with this decline have been the subject of many committee reports and magazine articles. Rather than cite a long list of problems, we will quote some thoughtful comments from these reports and articles, and by induction the problem becomes evident.

The committee cautions that the continued degradation of career military officers as a class can do unrepairable



damage to our ability to attract and retain capable personnel.¹

The conditions of employment of a military officer are the product of a never-ending stream of public opinion. The effectiveness of military leaders is deeply conditioned by the interest and status which civilian society accords the profession. In effect society gets what it pays for . . . A public convinced that a military career is a low status profession creates apathy and hostility fundamental to legislative inertia. Legislative inertia perpetuates the universally recognized inferior conditions of employment. The services are then unable to compete effectively for quality officer personnel and the concept perseveres, not always without reason. This is a self-fulfilling prophecy at work--one that fulfills itself as a result of the behavior of the person who makes the prophecy and believes it.²

It is simply this: an alarming erosion of the status, privilege, and confidence heretofore reposed in the officer corps has taken place under our very eyes. This erosion has awakened widespread complaint frustration, and even bitterness, among officers who have served any length of time. It has unquestionably discouraged likely young men of high caliber from becoming regular officers. By leveling out distinctions between officers and enlisted men, it has imposed serious handicaps on leadership.³

Compensation: In examining the statistics we will find that the military officer is paid less throughout his career than his civilian counterpart. Although the Navy exercises control of assets several times greater in value than the nations largest corporation, our top ranking officer is paid only approximately \$32,000 per year. In industry, several top managers are paid

¹U.S. Dept. of Defense. Ad Hoc Committee on the Future of Military Service as a Career, Womble Report--Report of Ad Hoc Committee on the Future of Military Service as a Career That Will Attract and Retain Capable Career Personnel (Washington: U.S. Govt. Printing Office, 1953), p. 2.

²William H. Bines, "A Call to Arms . . . for Peace," Harvard Business Review, January-February 1960, p. 99-100.

³Robert D. Heinl, Jr., "Special Trust and Confidence." United States Naval Institute Proceedings, May 1956, p. 466.



between \$300,000 and \$500,000 per year.¹ The average pay for the top executives in the 50 top corporations in 1964 was \$133,500.² The salary scale of subordinate executives are proportional. The Hubbell Committee estimated that officer pay was 7 per cent less than civilian government executives. The fact that officer pay is not competitive with that of civilian executives has been granted by most military writers. James Calvert states, "by the very definition of his profession, he foregoes the opportunity for large personal gain, for affluent circumstances, and for security."³

Fringe benefits, normally tendered as an excuse for a lower salary, have gradually eroded. Government housing, once considered an outstanding fringe benefit, has deteriorated tremendously. "It is no exaggeration that a Lieutenant junior grade in the inter-war years had housing comparable to that assigned to Captains in 1959."⁴ Government medical assistance and many other auxiliary service facilities have been expanded. But, the expansion of medical and dental coverage for civilian employees has negated these benefits as a salary offset.

The pension system has also lost much of its attraction.

¹U.S. Bureau of the Census, Statistical Abstract of the United States (Washington: U.S. Govt. Printing Office, 1967), pp. 218, 259, 491.

²Arch Patton, "Deterioration in Top Executive Pay," Harvard Business Review, November-December 1965, p. 106.

³James Calvert, The Naval Profession, (New York: McGraw-Hill, 1965), p. 100.

⁴Janowitz, The Professional Soldier, p. 184.



In 1958 two-star generals and rear admirals with long service records were receiving annual retirement pay of approximately \$7,000. While free medical care after retirement continues to be an important benefit, with the development of social security and elaborate civilian retirement plans, the military system is but one pension system among many, although in dollar value it is much superior to most. The threat and actuality of inflation, however, depreciates its value. The military have become particularly sensitive because rotation of job assignment makes it impossible for them, as compared with civilians, to acquire real estate, thereby depriving them of what they consider an important way of meeting the pressures of inflation.¹

The changes in retirement compensation proposed by the Hubbell committee may resolve some of the pension problems.

Personal Sacrifice: We shall concede that the executive position carries with it an extremely high degree of personal sacrifice. As we mentioned in Chapter I, the executive must forego what is considered a normal family life and must be adaptable to a life of constant personal and organizational tension. The comparison between the personal sacrifice required of an executive in the civilian community and that required of the Supply Corps executive in just moving his family upon transfer will give some insight into the retention problem.

The military career, as presently planned, requires a move every two to three years. This would indicate approximately 7 to 10 moves during a 20 year period. To accomodate this transfer, the Navy pays a travel allowance or purchase tickets for the family and pays the officer a dislocation allowance equivalent to one months basic allowance for quarter (approximately: \$140.00 plus or minus \$40.00). From this the officer

¹Ibid., p. 185.



is to divest himself of his present domicile, move to a new location, find a home and resettle his family into a new community life. Unless the officer is extremely fortunate, he will be delayed in finding suitable living quarters and will be required to stay in a motel or hotel. Once he has bought or rented a home, he is faced with further monetary outlay for items such as drapes, rugs and possible appliances, which were built-in in his previous home. Individually, the items required for a move seem immaterial, but when accumulated, demand much of the officers mental calm and exceeds the meager allowance. If, on the otherhand, a civilian executive is transfered by his organization, the organization will, in most cases, fully compensate and assist his family during the disruptive period.

They not only pay all moving costs, including temporary hotel quarters in the new town for two months or longer, but frequently pick up the tab for the drapes. Many even buy up an executive's old home if he has difficulty getting the price he wants in a hurry . . . A new service industry is growing up to assist the migrating executive (locating and arranging the purchase of homes) billed directly to Shell and other corporations.¹

In addition to the personal assistance and financial aid given the civilian executive, his move is usually voluntary with the incentive of salary increase and/or raise in corporate status. This is not the case in the military. Career development and needs of the service are the most common reasons given for rotation. These reasons, in many cases, seem unrealistic to an officer serving as an assistant and being transfered within a few months of his boss. Why should not he assume the vacated

¹"The Job--Corporate Nomads," Time, September 29, 1967, p. 56.



position and avoid the move if he so desires?

Tension and anxiety comparisons should be much an evaluation of individual instances but we shall mention a few we feel peculiar to the military in their frequency and intensity. There is tension connected with the meeting of every selection board. The selection board systems is used by the Navy for selecting officers for promotion but in addition, it is used for selecting candidates for postgraduate and service school education. And finally, there is tension in the delegation of authority or job responsibility just as in the civilian executive community.

We feel, as previously mentioned, that the military elements of tension and anxiety out-weigh those of the civilian community. Unfortunately, these are further intensified by the military organization itself in the case of the superior performing officer. The superior performing officer can expect to be rotated through as many career enhancing billets as possible during the basic and technical training periods. These assignments will naturally be the most demanding on professional knowledge and executive character and, consequently, carry with them the highest degree of tension and anxiety.

The Resultant: Although the Supply Corps officers environment is satisfactory and challenging, the service does not attempt to solve his personal problems in an executive environment as do civilian organization. In addition, both compensation and occupation status is far below civilian executives. Thus the Supply Corps officers are in a situation in which most facets of



their life is more demanding, environment inferior, occupational status lower, and compensation lags. We must expect that our talented and practical officer executives would logically leave the service upon completion of obligated service to seek civilian employment. Yet, the rate of exodus has not grown to disastrous proportion. United States Code, Title 10, Article 5404, allow the Supply Corps an officer compliment equal to 12 per cent of the authorized strength of the active list of the Navy line officers and the corps is presently able to maintain this strength. But quantity is not the measure of retention success. It is the quantity of quality retained that will determine the future effectiveness of the Supply Corps. No studies are presently available that will disclose the exodus rate among what is considered superior performer but indications are that this segment of the officer compliment are leaving in greater proportions than the average or below average performers.¹

SUMMARY

It is evident that the Supply Corps cannot offer the retention motivators in sufficient magnitude to compete with the civilian business community. Military life is more demanding, compensation lower, environment inferior and occupational status lower. But, as previously mentioned, the rate of exodus is not disastrous. What then, holds the officers in the Corps? We submit that the retention factor with greatest impact is outside those usually associated with civilian business. Patriotism,

¹Interview with Lieutenant Edward J. Mathias.



Es Sprit de Corps, Professionalism or Sense of Purpose may partially describe this retentional factor. Its' illusiveness to describe or quantify illustrates a tenuous position in the reliance on this motivator to retain superior performing officers.

CHAPTER V

CONCLUSION

The executive is a person with uncommon allegiance to his organization. He contributes to the organizational purpose by administration. He deals in logic and in people. His life is altered and limited by the requirements of the organization. He is motivated by social rewards, psychological and material compensation and self-fulfillment desires. He is subject to constant tension and anxiety. His character is at a premium in our society.

To develop this talent, the civilian business community recruits the larger portion of executive potential through the business school threshold. In its' recruitment efforts, business has been required to overcome competition from government and institution of higher learning. Civilian business has overcome this competition largely through offering higher compensation and elevating its' social image. Once the executive potential has been acquired, civilian business develops this potential by on-the-job training, formal education, informal schooling or a combination of these methods. If the results of the executive development programs is insufficient to fill requirements, business has another alternative. It can "buy" the executive from other organizations.

Motivation and retention of executives in the business



communitiy are closely associated factors. Compensation in the form of money is a principle contributor to both the motivation and retention of civilian executives. But, in addition, business offers its executive a wide assortment of physical status symbols. Complimenting the physical status symbols offered by the business, society imparts a prestige to the business executive occupation not given most other fields of endeavor.

The U.S. Navy Supply Corps and civilian business recruit executive potential from the same community of aspiring executives. The Supply Corps recruitment effort has been successful in providing the quantity needed and present selection procedure allows selection of highest quality. The Supply Corps has encountered little or no competition in its initial recruitment efforts. The compulsory military service requirement of our society has caused business to encourage completion of obligated service prior to entering upon a civilian career.

Having acquired sufficient executive potential, the Supply Corps commences an extensive program of developing the officer executive. The methods of executive development in the Supply Corps are similar to those of the civilian community and the objectives are well defined. A recent study by the Management and Economic Research Incorporated determined future Corps requirements and from these requirements, Supply Corps top management formulated the "Doctrines and Objectives" of the Corps (Appendix A). These objectives delineated the functional areas in which the Supply Corps will develop officer capability.



In comparing the functional requirements of the "Doctrine and Objectives" of the Supply Corps with the postgraduate schools available (Appendix B), we must agree that sufficient schooling is available if properly utilized. In addition to the development of functional prowess, the Supply Corps program has the inherent ability to develop executive talents. Through assignment rotation, the Corps can confront its officer with a wide variety of opportunities and challenges that are needed to develop or enhance executive character. Through postgraduate and service school curricula control, the Corps can insure inclusion of courses in human relations and behavioral science. In summary, the executive development process of the Supply Corps is well based and adequately organized to meet present and future executive talent requirements.

As a result of our concluding that the Supply Corps program for developing the executive is adequate and that recruitment efforts are successful, we turn to the vulnerable area of retention. Executives are motivated to assume and continue their organization commitment by environment and compensation. But the military profession does not compete with civilian business in these rewards. Environmental rewards have continuously eroded and compensation comparisons seem ridiculous. Fortunately, the Supply Corps has been able to retain sufficient quantity to fulfill statutory allowances. We feel this will not be the situation in the near future. As indicated by developmental trends, technical skills of the Corps are becoming more easily transferable to the civilian community



while at the same time, civilian executive talent is at a premium. The growing scarcity of executive talent is illustrated by the fact that among the 500 largest corporations in this nation, total employment gain in the years 1960-65 was 23 per cent. Executive positions in these corporations increased 30 per cent because of increasingly complex management and the substitution of machines for men. In the face of this growth, the total number of executives in the 35-45 age group has declined and shall continue to do so until 1974, a drop of more than a million (8 per cent).¹ This squeeze of supply and demand has put executive talent at a premium.

The situation will persist due to:

- (1) the low birth rate of the 1930's,
- (2) the unprecedented expansion of the size of the average corporation,
- (3) the increasing complexity of management systems, and
- (4) the increasing demand for executives outside of industry--notably in government and education.²

Add to the shortage, the fact that the Supply Corps has an executive development program specifically designed to meet the needs of the future in functional area of greatest impact: We have the Supply Corps as prime target for executive cannibalization.

¹The Fortune Directory, 1966, Annual Supplement (New York: Time, Inc., 1966).

²Arch Patton, "The Coming Scramble of Executive Talent," Harvard Business Review, May-June 1967, p. 155.



SUMMARY

The Supply Corps today, is under its' greatest pressure for increasing managerial talent. To accomodate this force, objectives for the Corps have been established and developmental efforts oriented accordingly. The functional areas of impacts are common to those abilities in great demand in the civilian community. Also, by the nature of the Corps function, the officers are less insulated from civilian society.

The Supply Corps is developing outstanding executive talent. But, to retain this skill, the entire military establishment must become competitive with civilian organization in executive motivation. The Corps must not depend only on Patriotism, Esprit de Corps or Professionalism to retain superior performing officers.



APPENDIX A

DOCTRINE AND OBJECTIVES of THE SUPPLY CORPS

The maintenance of a military establishment adequate to provide for the security of the nation is a vital interest and responsibility of the Government of the United States. This security is dependent upon control of the sea, and the capability to project U.S. power from the sea as necessary into and over any area of our own choosing, and it is the primary mission of the Navy to develop and maintain the instruments of sea power adequate to this purpose.

The strength of the Navy lies in its trained cadre of officers and men. The paramount mission of the Navy's officer resource is the maintenance and application of adequate sea power in support of the vital interests of our country with minimum burden upon the national economy. The officers of the Supply Corps constitute an essential element in the Navy's logistics support of sea power. The Supply Corps of the Navy is thus dedicated to the logistics effort required in the maintenance of that sea power.

In orienting the capability of the Supply Corps to this purpose the Chief of the Supply Corps recognizes as manifest that:

- I. Participation in, and support of the operating forces of the Navy and Marine Corps is the Supply Corps' priority mission.
- II. Participation in the operations and management of military logistics systems is the central task of the Supply Corps.
- III. The primary functions of the Supply Corps are in the fields of logistics planning, resources management, inventory management, procurement, material movement, integrated logistics support, merchandising, and subsistence technology/management.
- IV. Under the direction of the Chief of Naval Personnel and the guidance of the Chief of Naval Material, the Chief of the Supply Corps should:
 - a. Maintain an officer capability which supports the above functions, tasks, and mission.



- b. Employ such basic controls as officer input, career development, assignment policies, and promotion guidance in maintaining this officer capability, and
- c. Continuously monitor and exploit the rapid changes that are occurring in technology.

Within this frame of reference and under the direction of the Chief of Naval Personnel and the guidance of the Chief of Naval Material, the following objectives for the Supply Corps are established:

General: Provide manpower competent to participate in and manage changing logistics systems in support of Navy and combined military operations:

1. Establish and maintain capabilities needed to develop and produce competent manpower for the future.
 - a. Develop a capability to produce technological forecasts in appropriate areas and to translate Navy technological forecasts into revised billet descriptions and billet specifications.
 - b. In personnel planning, be responsive to environmental change which may dictate changes in the officer designator structure of the Navy.
2. Develop and carry out the following personnel programs:
 - a. Support emerging management systems.
 - (1) Provide personnel qualified to participate in weapons systems acquisition and integrated logistics support planning and its related elements, i.e.: RDT&E planning, introduction of logistics considerations into the design process, provision of material support aspects of reliability/maintainability trade-offs, procurement planning, and contracting.
 - (2) Provide personnel qualified to participate in the management of resources and its related elements, i.e.: systems analysis, programming, budgeting, accounting, financial disbursing, and auditing.
 - (3) Provide personnel qualified to participate in and manage the coordinative elements of distribution systems, i.e.: inventory management, procurement, and material movement.
 - (4) Provide personnel qualified in the design and operation of management information systems and related fields, i.e.: management methods, ADP applications, operations, analysis, and cybernetics.

(5) Provide personnel qualified in logistics planning and the related elements, i.e.: participation in the development of fleet operational logistics plans, developing improved logistics planning factors, and providing logistics aspects of contingency plans.

(6) Provide personnel qualified to meet the continuing requirements in merchandising and subsistence technology/management afloat and ashore.

- b. Establish career development programs that will be responsive to the needs of emerging management systems.

(1) Recruit an appropriate mix of personnel with business administration, science, engineering, mathematics, operations analysis, and behavioral science degrees.

(2) Orient service education and training programs to provide: more Supply Corps personnel with general understanding of behavioral sciences, electronics, mathematical sciences, analytical methods, military sciences and communications; junior officers with specialized knowledge in one or more of these fields; and admirals and captains with orientation and refresher courses in these fields.

(3) Direct and financially support increased short-term training in fields pertinent to emerging management systems at the headquarters and field activity level. Make maximum use of technological innovations designed to speed up and improve the process in order to keep pace with expanding knowledge.

(4) Give proper recognition to the importance of DOD integrated management and unified command assignments in the Supply Corps career patterns.

- c. Reorient Supply Corps Reserve Officer Program to ensure that Reserve units and individual officers are trained to support emerging management systems through a revitalized training program.



APPENDIX B

POSTGRADUATE SCHOOLS

BUSINESS ADMINISTRATION at Harvard University

OBJECTIVE--To give emphasis to the following areas of study: (1) recognition of problems, (2) realistic administrative follow-through on decisions, (3) an understanding and realistic handling of human relations, (4) administrative powers in general, (5) the relationship of business to the government and to the public welfare, (6) the integration of business functions, and (7) the point of view of the Chief Executive and the directors responsible for over-all operations so as to give the student an effective start in the development of his managerial skills and an appreciation of the responsibilities of a business administrator.

Course length: Two years

Degree attainable: Master of Business Administration

FINANCIAL MANAGEMENT at George Washington University

OBJECTIVE--To develop in officers of mature judgment and a broad background of professional experience the ability to interpret and analyze operational statistics for the purpose of developing standards of performance; to provide a periodic review of operations in order to denote areas of management which are not meeting standards; to review budget estimates; and to plan programs for the improvement of management economy and efficiency through better organization, administration and procedures and better utilization of manpower, materials, facilities, funds and time. The course is designed to give graduates a working knowledge of managerial controls adequate for assignment to financial management duties as a normal preparation for command and executive billets in the shore establishment.

Course length: One year

Degree attainable: Master of Science in Business
Administration

MANAGEMENT AND INDUSTRIAL ENGINEERING
at
Rensselaer Polytechnic Institute

OBJECTIVE--To prepare selected officers for managerial and industrial engineering billets in the Navy's industrial organization. The curriculum majors in industrial engineering and its application to managerial problems.

Course length: One year

Degree attainable: Master of Science in Management
Engineering

MANAGEMENT DATA PROCESSING
at
Naval P.G. School Monterey

OBJECTIVE--To provide officers with an advanced education in general management and a sound technical appreciation of computer technology sufficient to allow them to distinguish the capabilities and limitations of digital computers in various applications. A primary goal is to develop the ability and insight to effectively manage computer-based activities or data processing centers.

Course length: Fifteen months

Degree attainable: Master of Science in Management
Data Processing

MANAGEMENT CURRICULUM
at
Naval P.G. School Monterey

OBJECTIVE--To provide officers with increased education in management which will improve their capabilities for organizing, planning, directing, coordinating and controlling activities in which the resources of men, money, and materials are combined to accomplish Navy objectives.

Course length: Twelve months

Degree attainable: Master of Science Degree

OPERATIONS RESEARCH/SYSTEMS ANALYSIS
at
Naval P.G. School Monterey

OBJECTIVE--To develop the analytical ability of officers by providing a sound education in quantitative methods so that they may formulate new concepts and programs in the field of operations research/systems analysis with greater effectiveness, and solve problems which arise in the military service more effectively.

Course length: Two years

Degree attainable: Master of Science in Operational Research

PETROLEUM MANAGEMENT
at
University of Kansas

OBJECTIVE--To take officers with a strong engineering background and prepare them to assume positions of managerial responsibility in the transportation, distribution, marketing, and even production of petroleum where such positions require a combination of engineering skills and managerial competence. The students enter the program with an engineering degree or its equivalent and so are well prepared technically. However, they have had little business background. An objective of the program is to encourage the students to take the quantitative business courses related to scientific management methods after they have had a core of basic business courses.

Course length: Eighteen months

Degree attainable: Master of Science degree in Petroleum Management

PROCUREMENT MANAGEMENT
at
George Washington University
and
University of Michigan

OBJECTIVE--To provide officers of the Supply Corps with graduate level education in the field of military and commercial procurement.

Course length: One year

Degree attainable: Master of Business Administration

RETAILING
at
Michigan State University

OBJECTIVE--To provide officers of the Supply Corps with graduate level education in the functional proficiency field of retailing. Emphasis is placed on consumer markets, sales promotion, merchandise and merchandising, and the management functions associated therewith.

Course length: One year

Degree attainable: Master of Business Administration

SUBSISTENCE TECHNOLOGY
at
Michigan State University

OBJECTIVE--To provide officers of the Supply Corps with graduate level education in the field of food management.

Course length: One year

Degree attainable: Master of Business Administration

SYSTEMS INVENTORY MANAGEMENT
at
Harvard University

OBJECTIVE--To provide officers of the Supply Corps with a well-grounded education at the graduate level in the scientific methods of inventory management.

Course length: Two years

Degree attainable: Master of Business Administration

TRANSPORTATION MANAGEMENT
at
Michigan State University

OBJECTIVE--To provide officers of the Supply Corps with graduate level education in the functional proficiency field of

transportation management.

Course length: One year

Degree attainable: Master of Business Administration

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